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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

MARK LESLIE, et al.,

Defendants.

Civil Action No. C 07-3444 JF

**PLAINTIFF SEC'S MOTION TO
DISBURSE FUNDS TO PAY TAX
OBLIGATIONS**

The Securities and Exchange Commission ("SEC") respectfully requests the Court to enter an Order for the Clerk of the Court to disburse funds on deposit with the registry of the Court to pay certain tax obligations of the fund under this Court's jurisdiction in this action.

On August 3, 2007, the Court entered final judgments against defendants Michael M. Cully and Douglas S. Newton pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. Pursuant to the final judgments, defendant Michael M. Cully paid a total of \$216,470.67 of disgorgement and penalty to the Clerk of the Court and defendant Douglas S. Newton paid a total of \$62,263.36 of disgorgement and penalty to the Clerk of this Court (the "Settlement Fund"). The Settlement Fund

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1 was thereafter deposited in an interest-bearing account under the case name designation "SEC v.
 2 Mark Leslie, et al." The Settlement Fund constitutes a Qualified Settlement Fund ("QSF") under
 3 section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26
 4 C.F.R. §§ 1.468B-1 through 1.468B-5.

5 On October 26, 2007, the Court entered an order appointing Damasco & Associates
 6 ("Damasco") as Tax Administrator to fulfill the obligations of the Settlement Fund. Pursuant to that
 7 order, Damasco is required to pay taxes in a manner consistent with the treatment of the Settlement
 8 Fund as a QSF and is to be compensated for the tax services provided.
 9

10 As set forth in the attached Declaration of Jude P. Damasco (Exhibit 1), Damasco has
 11 determined that the Settlement Fund owes \$200 in estimated tax liability for the second quarter of
 12 2008. Because Damasco has informed the SEC that it needs to receive the check on or before June 6,
 13 2008, to make timely payment, the SEC respectfully requests expedited consideration of this motion.
 14

15 For the foregoing reasons, the SEC respectfully requests that this Court enter the attached
 16 proposed Order and grant such other relief as it deems just and proper.

17 Dated: May 28, 2008

18 Respectfully submitted,

19 /s/ Richard Hong
 20 Richard Hong
 21 Assistant Chief Litigation Counsel
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 23 EXCHANGE COMMISSION
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CERTIFICATE OF SERVICE

Pursuant to 28 U.S.C. § 1746, I hereby certify that on this day, May 28, 2008, I electronically filed the foregoing motion and the attached proposed with the Clerk of the Court by using the ECF system and relied upon that system's automatic service of the foregoing document and the attached proposed order upon counsel, which will send notification of such filing to the ECF participants.

In addition, on this day, May 28, 2008, the undersigned caused a copy of the foregoing documents to be served by regular first class mail to the following:

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/s/ Richard Hong
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